Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Promoting Investment in the 3550-3700 MHz Band	)	GN Docket No. 17-258
	)	

COMMENTS OF ALASKA COMMUNICATIONS

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Executive Summary

Alaska Communications supports the direction of the Notice, increasing the likelihood that the Citizens Broadband Radio Service ("CBRS") band will be useful for advanced broadband capability, and permitting more flexibility to bidders for PALs. However, the Commission should not adopt rules that will be more favorable for any particular technology over another – such as 5G mobile versus fixed wireless networks – nor more likely to suit certain operators (such as national service providers) or certain regions over others. As a service provider committed to deploying broadband throughout rural Alaska, including in CAF-supported unserved areas of Alaska, Alaska Communications considers the proposed rules in light of a number of challenges that are unique to Alaska.

The Commission should modify the licensing and auction rules for Priority Access Licenses ("PALs") in the CBRS band so that they not only serve the needs of the mobile sector generally but also facilitate use of the CBRS band to accomplish universal service goals adopted by the Commission in fulfillment of Section 254 of the Communications Act. For example, longer license terms and a renewal expectancy make sense in Alaska because PALs can be used to fulfill Connect America Fund ("CAF") Phase II broadband obligations. The Commission's bidding rules and post-auction rules governing secondary market transactions should be sufficiently flexible to encourage infrastructure investment in as many areas as possible. The Commission also should take this opportunity to expand grandfathering to service providers that deploy infrastructure in the CBRS band to expand broadband availability prior to the commencement of PAL auctions. Similarly, the Commission should grant a PAL bidding preference for entities that are using PALs to fulfill CAF Phase II obligations. In these ways, the Commission can fulfill a number of goals through its rules for the CBRS "innovation band."

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Alaska Communications[1] hereby submits these comments in response to the *Notice of Proposed Rulemaking* seeking comment on changes to the rules governing "Priority Access Licenses" ("PALs") in the 3.55-3.70 GH band.[2]

The Critical Role of CBRS Spectrum for Fulfilling CAF Obligations in Alaska

Alaska Communications has a direct interest in a framework for the Citizens Broadband Radio Service ("CBRS") that is tailored to facilitating broadband deployment to unserved locations and other rural areas in Alaska. Alaska Communications already has invested in equipment and deployment of fixed wireless service in a portion of this band (3.65-3.70 GHz) under a Part 90 license. This will be part of the infrastructure relied on by Alaska Communications to fulfill its Connect America Fund ("CAF") Phase II broadband deployment obligations in certain unserved rural parts of Alaska within the deadline established by the Commission.[3] As the Commission considers changing the regulatory framework for CBRS

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1 In these comments, "Alaska Communications" represents the following subsidiaries of Alaska Communications Systems Group, Inc.: ACS of Alaska, LLC, ACS of Anchorage, LLC, ACS of Fairbanks, LLC, ACS of the Northland, LLC, ACS Internet, LLC.

2 Promoting Investment in the 3550-3700 MHz Band, Notice of Proposed Rulemaking, GN Docket No. 17-258, FCC 17-134 (rel. Oct. 24, 2017), 82 Fed. Reg. 56193 (Nov. 28, 2017) (the "*Notice*").

3 Under the FCC's rules, CAF Phase II recipients such as Alaska Communications' local exchange subsidiaries must offer broadband service that meets certain basic performance requirements, including broadband transmission speed, latency, network capacity (usage

spectrum under PALs and, of necessity, certain aspects of General Authorized Access ("GAA") in this band as well, Alaska Communications hopes that its existing investment will be protected even as it seeks to take advantage of additional fixed wireless deployment under the CBRS rules. While the Commission predicts that this band will play "a significant role as one of the core mid-range bands for 5G network deployments throughout the world," the Commission should not overlook the critical role this band already is playing in the deployment of *fixed* wireless broadband infrastructure.

The Commission has put Alaska Communications in the extremely challenging position of having to plan and complete broadband deployment within just a few years, without fully considering the limitations of doing so, including uncertainty as to whether a sufficient number of unserved locations can be found and, critical for purposes of this rulemaking, a meaningful analysis of the cost of completing the required deployment. In spite of the obstacles, Alaska Communications is working to bring broadband to rural and unserved areas of the state, and is making a good faith effort to fulfill its FCC-imposed obligations as rapidly as possible. The Commission therefore should give appropriate consideration to the effects of its decisions in this proceeding on CAF Phase II deployment already underway in high-cost areas such as Alaska

allowance) and price of service, in locations deemed eligible for such support, and report regularly on how their performance measures up to FCC standards.[3] *Connect America Fund,* Order, 31 FCC Rcd 12086, ¶¶9, 12 (2016) ("*Alaska Communications CAF II Order*"). In October 2016 the FCC adopted substantive CAF Phase II performance obligations for Alaska Communications, including a minimum number of locations to be served at minimum broadband speeds of 10/1 Mbps downstream, 1 Mbps upstream, and latency not to exceed 100 ms (the same standards adopted for price cap carriers electing model-based CAF II support). *Connect America Fund,* Order, 31 FCC Rcd 12086, ¶¶9, 12 (2016) (the "Alaska CAF Phase II Order").

where fixed wireless spectrum is and will be a critical part of the rural broadband infrastructure so desperately needed to close the digital divide.

Extending the Term and Creating a Renewal Expectancy for PALs

Alaska Communications supports the proposal to extend the PAL license term.[4] A three-year term is insufficient to encourage investment and create reasonable certainty for licensees. Alaska Communications proposes a hybrid approach: a ten-year term for four of the seven PAL channels in each geographic market, and a five-year term for the remaining three PALs. This approach, together with a renewal expectation and the additional flexibility in secondary markets proposed in the *Notice* (discussed below), will best accommodate a mix of bidders and business plans and create appropriate bidding incentives.

A license term of five to ten years with the opportunity for renewal will create the appropriate incentive for bidding in a PAL spectrum auction; a three-year term is not sufficient for licensees to recoup their network investment. In addition, a long-term license is essential for service providers like Alaska Communications that are relying on this spectrum to provide high-speed broadband service for as long as ten years to fulfill Commission universal service requirements.[5] For Alaska Communications, which already has been deploying advanced broadband capabilities in some of the more remote parts of its service territory, these changes will enhance the incentive to continue maintaining and upgrading service beyond the required

[4] Notice ¶13.

[5] Under the *Alaska CAF Phase II Order,* Alaska Communications must meet minimum broadband service requirements beginning in 2018, the third year under the order (30 percent of locations), and continuing until the end of 2025, the tenth supported year (100 percent of the required locations). *Id.* ¶44. In 2017 Alaska Communications already began deploying qualifying broadband using CAF Phase II support, so it will need to sustain service at these locations for nearly nine years under the FCC's requirements.

ten-year term of CAF Phase II support. Creating a renewal expectancy – with appropriate prerequisite service benchmarks – is wholly consistent with the Commission's rules governing other bands that have been licensed through spectrum auctions, and creates reasonable incentives to both participate in the initial spectrum auction and to fully build-out the spectrum within the license term.

As for appropriate benchmarks for a renewal expectancy, Alaska Communications urges the Commission adopt standards that are sufficiently flexible for a variety of uses in the band. For example, while some licensees may employ their PALs for 5G mobile wireless networks, Alaska Communications expects to continue investing in fixed wireless technology to meet its CAF II requirements and extend high-speed broadband to other rural areas in Alaska.

A reasonable benchmark for a renewal expectancy therefore would be a technology-neutral coverage requirement – Alaska Communications suggests 25 percent of the population in the license area having access within five years, and 50 percent within ten years. In any license footprint that is predominantly rural, completing even a basic level of service to 50 percent of the population will be quite challenging. Moreover, the Commission should not adopt further service performance requirements for licensees that intend to use the spectrum for CAF fulfillment, such as is the case with Alaska Communications – the company already is required to offer fixed broadband capability at a minimum of 10 Mps downstream, 1 Mbps upstream, with pricing, latency and usage allowances reasonably comparable to those in urban areas (and additional latency requirements specific to price cap carriers).[6]

[6] *See* Public Notice, *Comment Sought on Performance Measures for Connect America High-Cost Universal Service Support Recipients,* WC Docket No. 10-90, DA 17-1085 (WCB rel. Nov. 6, 2017); *Alaska CAF Phase II Order, supra,* ¶9 *et seq*.

It is reasonable to expect that 10-year license terms with the expectation of renewal will increase the interest of larger bidders, possibly reducing the odds that smaller bidders would be successful, in any particular PAL auction. If the Commission desires to facilitate participation by a mix of bidders, it should take the hybrid approach suggested here, permitting ten-year license terms for four of the seven PALs auctioned for Alaska markets,[7] which may be appropriate to one or more larger entities deploying across the state or a large region, and five-year terms for the remaining three PALs. It also would be reasonable that for the shorter license term the Commission would adopt a modified renewal expectancy appropriate to smaller entities using the band for "spot" coverage – Alaska Communications suggests 10 percent in three years and 25 percent in five years, again with no specific performance requirements for CAF-supported use beyond a "substantial service" coverage requirement such as that applicable to PCS licenses.[8]

Definition of the Licensed Area

In the *Notice*, the Commission seeks comment on enlarging the geographic license area from census tracts to Partial Economic Areas ("PEAs") or other footprints.[9] Alaska Communications has no objection to the adoption of geographic license areas that are larger than

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[7] The Commission decided it would auction seven PALs in the 3.55 to 3.65 GHz portion of the CBRS band, in 10-MHz channels, for a total of 70 MHz, with no single entity permitted to hold a license for more than four channels or 40 MHz of CRBS spectrum in the same geographic area. *See* 47 C.F.R. §§96.11, 96.13(a)(1), 96.25(a)(2), 96.31(a).

[8] *See* 47 C.F.R. §24.103 (adopting "substantial service" as the minimum deployment requirement for narrowband personal communications service ("PCS"); 47 C.F.R. §24.203 (adopting "substantial service" as the minimum deployment requirement for broadband PCS). "Substantial service" is service which is "sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal." *Id*.

[9] Notice ¶¶23-24.

census tracts, but urges that, when the Commission makes this decision, it takes into account several factors that are inextricably linked to license area and affect Alaska in particular. By way of background, the state of Alaska consists of only four PEAs: (i) Anchorage borough, which is 1,940 square miles and includes many rural locations, (ii) Matanuska-Susitna Borough, the Aleutian Islands, Bristol Bay and Kodiak, (iii) Fairbanks and North Star Borough, the interior, and northern Alaska, and (iv) Juneau, Ketchikan and other parts of southeast Alaska. Each of these PEAs thus includes a mix of communities, but all contain areas that are unserved by broadband today and will be very expensive to serve even with advanced fixed wireless technology. The recommendations below therefore reflect these realities.

First, for any footprint larger than a census block, it is critical that the deployment requirements for a renewal expectancy, discussed above, be based on population reached by the licensee, not geographic area. In Alaska, this is a particularly important distinction given the size of PEAs (of which the entire state comprises only four) and even census tracts (of which there are 158 in Alaska), and the considerable proportion of acreage in the state that is uninhabited (whether because it is national or state park or simply inhospitable to human habitation). It is not only better public policy to focus on people rather than geography, it is also essential to make deployment economically feasible given Alaska's unique geography and population distribution. The larger the license footprint, the more urgent that build-out expectations be manageable, based on where potential *users* are located.

Second, it is important that the Commission adopt flexibility for geographic partitioning in secondary market transactions, as suggested in the notice.[10] With only four PEAs covering the

[10] Notice ¶31.

entire state of Alaska, and many relatively small service providers operating in the state, it is highly likely that only part of any PEA will be of value to a potential bidder. The FCC learned this in earlier spectrum auctions and the lesson remains valid today. No matter what size the geographic footprints for PALs, permitting sale or lease in the secondary market will facilitate "right sizing" PALs for any local market, and increase the likelihood that a greater percentage of the whole PEA ultimately will receive service.

Third, Alaska Communications recommends that the Commission consider an alternative geographic plan for awarding PALs in Alaska such as Game Management Units ("GMUs") established by the Alaska Department of Fish and Game.[11] As noted above, census tracts probably are far too numerous and PEAs too few for reasonable service areas for Alaska. While Alaska is divided into boroughs and cities, these geopolitical units are numerous (there are 29 boroughs and 144 cities), they are not uniform in size or population, and they are not even comprehensive – some parts of the state remain outside any city or borough. They would not make a facile unit by which to award PALs. However, GMUs have a number of qualities that lend themselves to licensing. Alaska is divided into 26 GMUs covering the entire geographic area of the state. GMUs are relatively uniform in size. The GMUs were established decades ago and have stable boundaries that are well-known to Alaskans. In short, GMUs are neither too big nor too small for Alaska, and offer a sensible compromise to encourage bidding on PALs and rapid deployment of CBRS.[12]

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[11] The GMU boundaries can be viewed on the web site of the Alaska Department of Fish and Game: http://www.adfg.alaska.gov/index.cfm?adfg=huntingmaps.bygmu

[12] While the Commission also seeks comment on a hybrid approach, licensing at the PEA level in urban areas and at the census tract level in rural areas, *Notice* ¶25, it is not clear that this approach would make sense for Alaska.

Public Disclosure of Network Devices

In the *Notice*, the Commission seeks comment on its proposal to bar disclosure of Citizens Broadband Radio Service Device ("CBSD") registration information that "may compromise the security of critical network deployments or be competitively sensitive."[13] Alaska Communications agrees with commenters who observe that both PAL and GAA operators will find such information useful in planning future equipment deployment.[14] The Commission asks if this could be facilitated by communicating with spectrum access system ("SAS") administrators on a confidential basis.[15]

Alaska Communications shares the concerns expressed in the *Notice* that disclosure of device locations and related information (such as whether the CBSD will be outdoors or indoors) would both compromise network security and raise serious competitive concerns.[16] This is especially true in Alaska, which typically has a relatively small number of operators, increasing the potential that even "anonymous" location information could easily be used to identify a competitor's market entry plans and network architecture. Therefore, the Commission should prohibit SAS administrators from disclosing CBSD registration information for planned equipment deployment (provided that information sharing with other SAS administrators would be permitted on a confidential basis as needed to avoid interference among PAL and GAA operators).

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[13] Notice ¶37.

[14] *See* Notice ¶38.

[15] *Id.*

[16] Notice ¶34.

Mutual Exclusivity of Applications

The Commission proposes to reverse its prior decision to auction one fewer 10 MHz PAL channels in any given territory than there are applicants for the PALs in that territory.[17] Alaska Communications agrees that such a rule is unnecessary to ensure mutual exclusivity among applicants in any given license territory. Moreover, in a state with relatively few service providers, such as Alaska, such a rule would unnecessarily limit the number of areas in which PALs are awarded.

As in prior FCC spectrum auctions, the Commission should eliminate any requirement that any minimum number of bidders participate in a PAL auction. Even in areas with a single bidder, the Commission should grant PALs to facilitate rapid broadband deployment and encourage infrastructure investment.

While the Commission already has eliminated the minimum of two bidders for "rural areas,"[18] the "rural" carve-out does not make sense with larger license footprints – a "rural area" would likely constitute only part of but not an entire license area in Alaska, particularly if the FCC moves from census tracts to PEAs.[19] Instead, Alaska Communications supports a one-bidder minimum for PAL spectrum auctions, permitting the licensing of one or more 10 MHz spectrum blocks in any geographic area even if only one applicant bids, as proposed in the *Notice*.[20]

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17 Notice ¶42.

18 47 C.F.R. §96.29.

19 For this purpose, the FCC currently defines "rural area" as any census tract not located in or overlapping (1) a city, town, or incorporated area that has a population of more than 20,000 inhabitants; or (2) an urbanized area contiguous and adjacent to a city or town that has a population of more than 50,000 inhabitants. 47 C.F.R. §96.3.

20 Notice ¶42.

Alaska Communications recognizes that the Commission may wish to impose a reserve price for each PAL; a reserve price seems reasonable in principle, provided that the Commission recognizes that market conditions vary widely in different parts of the nation, and reserve prices should reflect local spectrum supply and demand. In Alaska, for example, the U.S. government has especially widespread activity, so the CBRS band is likely more heavily encumbered there than in other states by federal users that enjoy priority under the Part 96 rules. Given the high likelihood that U.S. government entities are using the band in Alaska, reserve prices should reflect the increased likelihood that CBRS operators will have to restrict their operations accordingly, to protect government incumbents. Alaska Communications urges that the Commission set reserve prices taking into account such practical limitations on the value of the PAL channels to commercial users who will be bidding on the spectrum.

Alaska Communications also supports retaining the restriction on any single licensee to 40 MHz of the total 70 MHz available for PALs to help ensure that sufficient spectrum will be available for multiple providers wherever demand exists. In Alaska, where demand may not be as robust as in other states, this framework will permit the grant of PALs for up to 40 MHz to a single entity, while still preserving the remaining spectrum in the band for one or more subsequent applicants.

No Channel-Specific Bidding for PALs

Under current rules, applicants may not apply for a specific 10 MHz channel of the PAL spectrum, but may bid on up to four channels, for a maximum total of 40 MHz, in any geographic area. The SAS administrators are responsible for, *inter alia*, directing advance frequency coordination as well as ongoing band management to avoid interference and safeguard

security.[21] The rules already provide a workable system for SAS administrators to assign frequencies to individual PALs, and even to temporarily relocate PALs as necessary to avoid interference.[22] T-Mobile now seeks to change the rules so bidders may apply for specific frequencies.[23] Alaska Communications opposes such a change. It is inconsistent with the innovative role of the SAS administrators to dynamically manage the spectrum for efficiency and avoid interference. And it would seemingly be of interest only to one or two very large potential bidders with nationwide ambitions, potentially squeezing out smaller operators from meaningful contention for particular licenses, and making it difficult to aggregate channels in some areas. In Alaska, for decades T-Mobile had a PCS spectrum license that was not put into service; Alaska apparently is not a priority for that national carrier. The Commission should not change its rules so that a large national operator may tie up spectrum all over the country for the convenience of making a national PAL bid that could foreclose competition in many smaller markets.

Emission and Interference Limits

The Commission seeks comment on the emissions limits for the CBRS band, including whether modifying the current limits could facilitate operation across more than one 10-MHz channel.[24] T-Mobile has argued that current emissions limits will not support operation across multiple 10-MHz channels without power reductions.[25] Others, including Motorola, argue that

[21] *See* 47 C.F.R. §§96.53-96.66

[22] 47 C.F.R. §96.59.

[23] *See* Notice ¶46.

[24] Notice ¶54.

[25] *See id*. ¶51.

no such accommodation is necessary.[26] Alaska Communications supports rules that will accommodate multi-channel operation by a single licensee, but urges the Commission to adopt rules that will prevent different operators on adjacent channels from causing mutual interference,[27] while permitting the use of available equipment.

Changes to emissions limits should not require the replacement of existing CBRS network equipment. Initial investigations into the current performance of CBRS-capable equipment indicates that improvements in component selection and overall performance would need to be realized to meet a limit of -13dBm/Mhz. Mandatory changes to existing equipment could prove too costly for some operators to deploy or upgrade their networks in the CBRS band. Alternative solutions, such as a guard band or lower EIRP, would limit performance and reduce the benefits that can be realized by end-users in the CBRS band. Alaska Communications therefore encourages the FCC to allow CBRS equipment suppliers to develop a balanced approach to emissions limits that will allow multiple technologies from multiple providers to be deployed cost effectively, permitting operation across multiple channels within the band, without causing undue interference. The Commission and the industry both have a strong interest in rapid deployment advanced, reliable broadband services at a reasonable cost. Especially if the FCC streamlines the SAS registration process, industry recommendations should inform any changes to emissions masks for this band.

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[26] *Id.* ¶53.

[27] *See id.* (citing Vivint Wireless).

Considerations for Existing Operators in the CBRS Band

The *Notice* emphasizes the potential for CBRS spectrum for the advancement of 5G mobile wireless capabilities in the United States.[28] It has never been the Commission's policy to prefer one technology over another when a spectrum resource can readily be used in more than one type of network. In crafting rules for broadband PCS service, for example, the Commission (unlike its counterparts in Europe and Asia) took pains to avoid preference for CDMA or TDMA technology but instead permitted these and other networks to be deployed at the same time. The CBRS band should follow the same market-driven precedent. Consistent with the Commission's long-held values of competitive neutrality and technology agnosticism, the CBRS rules should facilitate broadband deployment in all parts of the nation *regardless of the platform deployed by the licensee*, whether fixed, mobile, or multiple-format.

Similarly, the Commission should be true to its universal service mandate wherever it has the choice of adopting regulations that support that mandate versus adopting rules that undermine it. Specifically, where a potential PAL user is employing CBRS spectrum as part of a CAF-supported network, to complete the timely build-out of broadband in previously unserved areas consistent with CAF requirements, the Commission should be attuned to the potential for supporting (or undermining) that effort in the CBRS rules under consideration in this proceeding.

Alaska Communications is such an entity. As described above, Alaska Communications must make available CAF-qualified broadband to thousands of previously unserved locations in Alaska in a short time frame. Therefore, the company has undertaken use of existing spectrum resources through a Part 90 license to begin the extension of broadband capability in high-cost

[28] Notice ¶2.

areas of Alaska using a fixed wireless broadband infrastructure. Because the CBRS rules have not yet been finalized and PALs are not yet offered for bid, Alaska Communications must use the resources it can affordably tap. Ideally, the infrastructure investment being made in 2017 and 2018 in the 3.65-3.70 GHz band will be seamlessly integrated with future infrastructure in the 3.55-3.65 GHz band, once PALs are offered at auction. But the FCC's Part 96 CBRS rules must be modified in at least two respects to synchronize FCC goals for innovative use of PALs and expeditious closing of the digital divide using CAF. Failure to adopt these modifications will weaken both universal broadband availability and technology innovation in Alaska.

First, under the current rules, PAL operators must not cause harmful interference to, and must accept harmful interference from, federal users of the 3.55 to 3.65 GHz band,[29] and must obey certain restrictions designed to protect existing fixed satellite service users in the band.[30] However, band incumbents offering fixed wireless broadband service pursuant to Part 90 licenses are "grandfathered" – permitted to continue operation in the band for a limited period – but not protected from the operations of PAL licensees.[31] These Part 90 users, moreover, enjoy limited protection from interference to their (fixed) base stations only if they were registered before April 17, 2015 and constructed by April 17, 2016.[32] This leaves carriers such as Alaska Communications, that have deployed fixed wireless infrastructure using Part 90-licensed infrastructure deployed subsequent to April 17, 2016, out in the cold, as it were.

[29] 47 C.F.R. §96.15.

[30] 47 C.F.R. §96.17.

[31] 47 C.F.R. §96.21(a).

[32] 47 C.F.R. §96.21(a)(2).

Alaska Communications had no way to know what its CAF Phase II broadband deployment obligations would be in April 2016. The rules adopted by the FCC in October 2016 necessitated immediate commencement of build-out if the company should hope to achieve the required deployment. The rules for CBRS – at one time considered by the Commission as an "innovation band" – nevertheless appear to penalize Alaska Communications for commencing rapid build-out on available spectrum; the company is penalized because its equipment in the field will not enjoy grandfathered status, and thus will not be protected after April 17, 2010,[33] even though it is being used to achieve Commission-specified universal service goals.

To address this disparity between spectrum management and universal service goals, the Commission should amend Sections 90.1338 and 96.3 of its rules to eliminate the requirement that a "grandfathered wireless broadband licensee" be licensed as of April 17, 2015 or operating as of April 17, 2016 where the Part 90 licensee has facilities being used to provide CAF-supported services and such facilities are constructed, in service and fully compliant with the FCC rule in Part 90, subpart Z, prior to the grant of a PAL for some or all of the same geographic area.

Second, the Commission's competitive bidding rules for the PAL channels ought to provide a special type of preference for applicants that specifically indicate their intention to employ those channels for CAF-supported broadband capability. If, for example, an applicant for one or more PALs already has filed its CAF Phase II deployment plan demonstrating its intent to use CAF support for broadband capability in a particular area, that applicant should

[33] Under current rules, non-grandfathered Part 90 licenses such as that of Alaska Communications may be renewed only until April 17, 2020. This will leave Alaska Communications with stranded investment in equipment in areas it will be required to serve at 10/1 Mbps through 2025.

enjoy the "CAF Preference" that would guarantee it will have access to a PAL in that area, following competitive bidding. Only one entity in any area currently has CAF Phase II obligations, so this would be relatively simple to administer. The CAF Preference only would apply in geographic markets where the CAF II carrier (a) has declared its intent to deploy CAF-supported broadband and (b) enters the PAL auction. If more than one entity were to bid in such a market, and if the entity holding the CAF Preference bid in the auction but was not the high bidder for a particular PAL (from 10 MHz up to 40 MHz), it should nonetheless have the right to acquire the PAL for a price equal to the average of the winning bids in that area (for example, if 40 MHz were won by a bidder at $20 per pop and 30 MHz were won by a second bidder at $16 per pop, the CAF preference holder would have the option to take the license it needs – up to 40 MHz – for $18 per pop). If the CAF Preference holder were the only bidder, it would pay the reserve price, like any other bidder. And if it were one of several winners, it would pay the winning bid amount. By being guaranteed entry into the market through a preference for a PAL, the CAF II carrier would have a wireless network option to fulfill its broadband obligations that otherwise might be prohibitively expensive or foreclosed altogether. Adopting this CAF Preference would help ensure that the Commission's auction rules would accelerate broadband deployment in the CBRS band *and* help serve its universal service mandate.

Conclusion

For the foregoing reasons, the Commission should craft PAL rules with sufficient flexibility for CBRS operators that intend to deploy broadband over fixed or mobile networks. It should take into account geographic variations, especially the unique difficulties of deploying broadband in Alaska. And it should adopt licensing and auction rules that work together to create an integrated scheme that encourages investment and discourages harmful interference.

Respectfully submitted,

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